

Congress of the United States
House of Representatives
Washington, DC 20515

March 17, 2021

The Honorable Mike DeWine
Governor
State of Ohio
77 S. High Street, 30th Floor
Columbus, OH 43215

The Honorable Matt Huffman
President
The Ohio Senate
1 Capitol Square, 2nd Floor
Columbus, OH 43215

The Honorable Bob Cupp
Speaker
The Ohio House of Representatives
77 S. High Street, 14th Floor
Columbus, OH 43215

Dear Governor DeWine, Senate President Huffman, and House Speaker Cupp,

As you know, the \$1.9 trillion American Rescue Plan Act was signed into law by President Biden on March 12, 2021. We write to bring your attention to a provision in the law which prohibits any of the \$350 billion in State and Local Fiscal Recovery Funds to be used by states to cut taxes. Our concern is if our state accepts or uses these funds, the state would be prohibited from implementing tax cuts through 2024.

Subtitle M Section 9901 of the American Rescue Plan Act includes the following provision:

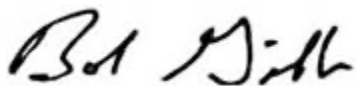
FURTHER RESTRICTION ON USE OF FUNDS.— “(A) IN GENERAL.—A State or territory shall not use the funds provided under this section or transferred pursuant to section 603(c)(4) to either directly or indirectly offset a reduction in the net tax revenue of such State or territory resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax (by providing for a reduction in a rate, a rebate, a deduction, a credit, or otherwise) or delays the imposition of any tax or tax increase.”

In response to this provision, we are sending the attached letter to Treasury Secretary Yellen asking for clarification on how this provision will be interpreted and enforced. In the letter, we urged Secretary Yellen to provide assurances to states that accepting funding from the State and Local Fiscal Recovery Funds will not prevent states from making changes in their tax code.

Considering reports that sales tax and income tax revenue in Ohio are exceeding expectations, the state has yet to allocate nearly \$2 billion from previous COVID-19 relief bills, and there is nearly \$2.7 billion in the Budget Stabilization Fund (BSF), it may be in Ohio’s best interest not to constrain themselves by accepting money from the State and Local Fiscal Recovery Funds. If the Treasury Department cannot assure states accepting funds from the American Rescue Plan Act will not prohibit any tax cuts, we urge Ohio to reject the funds. States should not be willing to be blackmailed by the federal government. This provision is a trap to lock states into progressive tax policies and coerce states with their own tax dollars.

Thank you for your time and consideration.

Sincerely,



Bob Gibbs
Member of Congress



Michael R. Turner
Member of Congress